

LOUIS GILBERT & ASSOCIATES, INC.
Consulting Geologists
3636 North Causeway Boulevard, Suite 204
Metairie, Louisiana 70002-7216

Telephone
(504) 834-8112

Facsimile
(504) 834-1736

October 20, 2004

Honorable James H. Welsh
Commissioner of Conservation
P.O. Box 94275, Capitol Station
Baton Rouge, Louisiana 70804-9275

Re: Application Notice
13,400' Sand, Reservoir C
Lower Textularia L-1 Sand, Reservoir A
Lower Textularia L-2 Sand, Reservoir A
Lower Textularia L-3 Sand, Reservoir A
Lower Textularia L-4 Zone, Reservoir A
Bayou Sauveur Field
Terrebonne Parish, Louisiana

Dear Sir:

Mustang Energy, LC, ("Applicant") hereby makes application to the Commissioner of Conservation for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of orders pertaining to the following matters relating to the above captioned reservoirs, in the Bayou Sauveur Field, Terrebonne Parish, Louisiana.

13,400' Sand, Reservoir C

1. To establish rules and regulations governing the exploration for and production of gas and condensate.
2. To create a single drilling and production unit for the exploration for and the production of gas and condensate and to force pool and integrate all separately owned tracts, mineral leases and other property interests within the unit so created with each separate tract sharing in unit production on a surface acreage basis of participation.
3. To designate Mustang Energy, LC as the unit operator and their Pellegrin Price No. 2 ST well as the unit well at a location in exception to the well spacing provisions of Statewide Order No. 29-E.
4. To provide that any future replacement and/or alternate unit wells for the proposed unit shall be exempt from the well spacing provisions of Statewide Order No. 29-E.
5. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished to and accepted by the Commissioner.

6. To discuss any other matters that may be pertinent to this application.

The 13,400' Sand, Reservoir C, in the Bayou Sauveur Field, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 13802' and 13820' (electrical log measurements), in the Mustang Energy, LC (Quintana) - Pellegrin-Price No. 2 ST, and is further defined as that sand encountered between the depths of 13,428' and 13,469' (electrical log measurements) in Mustang Energy, LC (Quintana) - Pellegrin Price No. 2 OH both located in Section 15, Township 20 South, Range 16 East, Terrebonne Parish, Louisiana.

Lower Textularia L-1 Sand, Reservoir A

1. To dissolve the L TEX L-1 RA SU A, created by Office of Conservation Order No. 940-H-1, effective November 4, 1992, and confirmed by Order No. 940-H-2, effective June 28, 1994, and to simultaneously therewith, create a revised drilling and production unit for the Lower Textularia L-1 Sand, Reservoir A.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interest within the revised unit so created with each separate tract sharing in unit production on a surface acreage basis of participation.

3. To designate Mustang Energy, LC as unit operator and their Pellegrin Price No. 2 ST as a substitute unit well at a location which is in exception to the well spacing provisions of Statewide Order No. 29-E.

4. To provide that any future replacement and/or alternate unit wells for the proposed unit shall be exempt from the spacing provisions of Statewide Order No. 29-E.

5. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished to and accepted by the Commissioner.

6. Except to the extent contrary herewith to continue in full force and effect all pertinent provisions of the 940-H series of Orders.

7. To discuss any other matters that may be pertinent to this application.

The Lower Textularia L-1 Sand, Reservoir A, in the Bayou Sauveur Field, was fully defined by Office of Conservation Order No. 940-H, effective October 22, 1991.

Lower Textularia L-2 Sand, Reservoir A

1. To dissolve the L TEX L-2 RA SU A, created by Office of Conservation Order No. 940-K, effective November 4, 1992, and confirmed by Order No. 940-K-1, effective June 28, 1994, and to simultaneously therewith, create a revised drilling and production unit for the Lower Textularia L-2 Sand, Reservoir A.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interest within the revised unit so created with each separate tract sharing in unit production on a surface acreage basis of participation.

3. To designate Mustang Energy, LC as the unit operator and their Pellegrin Price No. 2 ST well as a substitute unit well at a location which is in exception to the well spacing provisions of Statewide Order No. 29-E.

4. To provide that any future replacement and/or alternate unit wells for the proposed unit shall be exempt from the spacing provisions of Statewide Order No. 29-E.

5. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished to and accepted by the Commissioner.

6. Except to the extent contrary herewith to continue in full force and effect all pertinent provisions of the 940-K series of Orders.

7. To discuss any other matters that may be pertinent to this application.

The Lower Textularia L-2 Sand, Reservoir A, in the Bayou Sauveur Field, was fully defined by Office of Conservation Order No. 940-K, effective November 4, 1992.

Lower Textularia L-3 Sand, Reservoir A

1. To dissolve the L TEX L-3 RA SU A, previously created by Office of Conservation Order No. 940-J-2, effective November 4, 1992, as confirmed by Order No. 940-J-3, effective June 28, 1994, and to simultaneously therewith, create a revised drilling and production unit for the Lower Textularia L-3 Sand, Reservoir A.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interest within the revised unit so created with each separate tract sharing in unit production on a surface acreage basis of participation.

3. To designate Mustang Energy, LC as the unit operator and their Pellegrin Price No. 2 ST well as a substitute unit well at a location which is in exception to the well spacing provisions of Statewide Order No. 29-E.

4. To provide that any future replacement and/or alternate unit wells for the proposed unit shall be exempt from the spacing provisions of Statewide Order No. 29-E.

5. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished to and accepted by the Commissioner.

6. Except to the extent contrary herewith to continue in full force and effect all pertinent provisions of the 940-J series of Orders.

7. To discuss any other matters that may be pertinent to this application.

The Lower Textularia L-3 Sand, Reservoir A, in the Bayou Sauveur Field, was fully defined by Office of Conservation Order No. 940-J, effective October 22, 1991.

Lower Textularia L-4 Zone, Reservoir A

1. To dissolve the L TEX L-4 RA SU A, created by Office of Conservation Order No. 940-L, effective November 4, 1992, and confirmed by Order No. 940-L-1, effective June 28, 1994, and to simultaneously therewith, create a revised drilling and production unit for the Lower Textularia L-4 Zone, Reservoir A.

2. To force pool and integrate all separately owned tracts, mineral leases and other property interest within the revised unit so created with each separate tract sharing in unit production on a surface acreage basis of participation.

3. To provide that any future replacement and/or alternate unit wells for the proposed unit shall be exempt from the well spacing provisions of Statewide Order No. 29-E.

4. To provide that the Commissioner may reclassify the reservoir by supplemental order and without the necessity of a public hearing should such reclassification be warranted, based on evidence furnished to and accepted by the Commissioner.

5. Except to the extent contrary herewith to continue in full force and effect all pertinent provisions of the 940-L series of Orders.

6. To discuss any other matters that may be pertinent to this application.

The Lower Textularia L-4 Zone, Reservoir A, in the Bayou Sauveur Field, is hereby defined as being that gas and condensate bearing zone encountered between the depths of 14436' and 14588' (electrical log measurements), in the Mustang Energy, LC (Quintana) - Pellegrin-Price No. 2 ST, located in Section 15, Township 20 South, Range 16 East, Terrebonne Parish, Louisiana.

The Applicant will provide for posting a copy of the Legal Notice of this hearing and a copy of the enclosed plats at a prominent place in the area affected by this application and will cause the publication of the Legal Notice in a newspaper published in the general area of the Bayou Sauveur Field. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties all in accordance with the Revised Rules of Procedure.

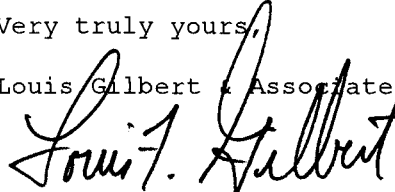
There is attached hereto and made a part hereof, plats outlining the proposed units and a list of names and addresses of the Interested Parties, Interested Owners and Represented Parties to whom this notice is being sent. Pursuant to the Revised Rules of Procedure, such list of Parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the

Lafayette District of the Office of Conservation. The aforementioned list is available upon request to any Interested Party. A reasonable effort was made to ascertain the names and addresses of all Interested Parties, Interested Owners and Represented Parties as required by the Revised Rules of Procedure.

There is enclosed herewith on behalf of the Applicant a check made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,

Louis Gilbert & Associates, Inc.


Louis F. Gilbert

LFG/dal
Attachments

Cc: Mr. Richard Hudson, District Manager
Office of Conservation

Mustang Energy, LC

Interested Parties, Interested Owners,
and Represented Parties

TERREBONNE PARISH SCHOOL BOARD.

R 16 E

PELLEGRIN-PRICE

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 2.
18055

QUINTANA
TPSB 1
15055

KILROY
TPSB 1
15950

MERIDIAN
PELLEGRIN-PRICE

HUNT
TPSB A-1
18498

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 1
15080

15

QUINTANA
PELLEGRIN-PRICE 1
15571

MUSTANG
PELLEGRIN-PRICE
2-ST
14776

MUSTANG
PELLEGRIN-PRICE
13.5
15398

KILROY 2
PELLEGRIN-PRICE
14205

13,400' RC SU A
PELLEGRIN-PRICE NO. 2 ST
+/- 21 ACRES

T
20
S

2
MUSTANG
TPSB
15900

MUSTANG
TPSB
1 OH
14984

KILROY
PELLEGRIN-PRICE
1
15375

DCP, INC.
1A.J. AUTHEMENT,
JR., ET AL
15345

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
15888
2 ST

2 OH
DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
18092

ALPHONSE AUTHEMENT HEIRS

21

22
ALPHONSE AUTHEMENT HEIRS

EXHIBIT NO.

DOCKET NO. 04-

MUSTANG ENERGY, LC

BAYOU SAUVEUR FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT PLAT
13,400' SAND, RESERVOIR C

0' 500' 1000' 2000'

LOUIS GILBERT & ASSOCIATES, INC.

--- PROPOSED UNIT
○ PROPOSED UNIT WELL

TERREBONNE PARISH SCHOOL BOARD.

R 16 E

PELLEGRIN-PRICE

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 2
18055

QUINTANA
TPSB
1
16055

KILROY
TPSB
16
15950

MERIDIAN
PELLEGRIN-PRICE

HUNT
TPSB
A-1
13 16498

MUSTANG
PELLEGRIN-PRICE
14776

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 1
15080

15

QUINTANA
PELLEGRIN-PRICE
1
15571

KILROY 2
PELLEGRIN-PRICE
14205

L TEX L-1 RA SU A
PELLEGRIN-PRICE NO. 2 ST
+/- 158 ACRES

T
20
S

MUSTANG
TPSB
2
15900

MUSTANG
TPSB
1 OH
14984

KILROY
PELLEGRIN-PRICE
15375

DCP, INC.
1A.J. AUTHEMENT,
JR., ET AL
15345

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
2 ST
15688

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
2 OH
16092

ALPHONSE AUTHEMENT HEIRS

21

22
ALPHONSE AUTHEMENT HEIRS

SAUVEUR

EXCHANGE
A.J. AUTHEMENT,
JR., ET AL
1
15000

BAYOU

EXHIBIT NO.

DOCKET NO. 04-

MUSTANG ENERGY, LC

BAYOU SAUVEUR FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT PLAT
LOWER TEXTULARIA L-1 SAND

0' 500' 1000' 2000'

LOUIS GILBERT & ASSOCIATES, INC.

- APO 940-H-2
- - - PROPOSED REVISION
- UNIT WELL
- △ PROPOSED SUBSTITUTE UNIT WELL

TERREBONNE PARISH SCHOOL BOARD.

R 16 E

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 2
18055

PELLEGRIN-PRICE

QUINTANA
TPSB 1
15055

KILROY
TPSB 1
15950

MERIDIAN
PELLEGRIN-PRICE

HUNT
TPSB
A-1
16498

MUSTANG
PELLEGRIN-PRICE
2-ST
14776

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 1
15080

15

QUINTANA
PELLEGRIN-PRICE 1
15571

KILROY 2
PELLEGRIN-PRICE
14205

L TEX L-2 RA SU A
PELLEGRIN-PRICE NO. 2 ST
+/- 173 ACRES

T
20
S

MUSTANG
TPSB
15900

MUSTANG
TPSB
1 OH
14984

1 ST
14776

KILROY
PELLEGRIN-PRICE
15375

DCP, INC.
1A.J. AUTHEMENT,
JR., ET AL
15345

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
15686

2 OH
16092

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL

ALPHONSE AUTHEMENT HEIRS

21

22

ALPHONSE AUTHEMENT HEIRS

SAUVEUR

EXCHANGE
A.J. AUTHEMENT,
JR., ET AL
15000

BAYOU

EXHIBIT NO.

DOCKET NO. 04-

MUSTANG ENERGY, LC

BAYOU SAUVEUR FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT PLAT
LOWER TEXTULARIA L-2 SAND

0' 500' 1000' 2000'

LOUIS GILBERT & ASSOCIATES, INC.

- APO 940-K-1
- - - PROPOSED REVISION
- UNIT WELL
- △ PROPOSED SUBSTITUTE UNIT WELL

TERREBONNE PARISH SCHOOL BOARD.

R 16 E

PELLEGRIN-PRICE

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 18055

KILROY
TPSB
16
15950

QUINTANA
TPSB
1
15055

MERIDIAN
PELLEGRIN-PRICE
HUNT
TPSB
14
15498

MUSTANG
PELLEGRIN-PRICE
2-ST
14778

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE
15060

15

QUINTANA
PELLEGRIN-PRICE
1
15571

KILROY
PELLEGRIN-PRICE
2
14205

L TEX L-3 RA SU A
PELLEGRIN-PRICE NO. 2 ST
+/- 184 ACRES

T
20
S

FAULT
MUSTANG
TPSB
15900

MUSTANG
TPSB
1 OH
14984

KILROY
PELLEGRIN-PRICE
1
15375

DCP, INC.
1A.J. AUTHEMENT,
JR., ET AL
15345

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
2 ST
15886

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
2 OH
16092

22
ALPHONSE AUTHEMENT HEIRS

ALPHONSE AUTHEMENT HEIRS

21

SAUVEUR

EXCHANGE
A.J. AUTHEMENT,
JR., ET AL
1
15000

BAYOU

EXHIBIT NO.

DOCKET NO. 04-

MUSTANG ENERGY, LC

BAYOU SAUVEUR FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT PLAT
LOWER TEXTULARIA L-3 SAND

0' 500' 1000' 2000'

LOUIS GILBERT & ASSOCIATES, INC.

- APO 940-J-3
- - - PROPOSED REVISION
- UNIT WELL
- ◡ ALTERNATE UNIT WELL
- △ PROPOSED SUBSTITUTE UNIT WELL

TERREBONNE PARISH SCHOOL BOARD.

R 16 E

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 2
16055

PELLEGRIN-PRICE

QUINTANA
TPSB 1
15055

KILROY
TPSB 16
15950

MERIDIAN
PELLEGRIN-PRICE

HUNT
TPSB
14
16498

AMERICAN EXPLORER
(EXCHANGE)
PELLEGRIN-PRICE 1
15060

15

QUINTANA
PELLEGRIN-PRICE 1
15571

KILROY 2
PELLEGRIN-PRICE 14205

L TEX L-4 RA SU A
PELLEGRIN-PRICE NO. 2 ST
+/- 204 ACRES

T
20
S

FAULT

MUSTANG
TPSB 2
15900

MUSTANG
TPSB 1 ST
1 OH
14984

KILROY
PELLEGRIN-PRICE 1
15375

DCP, INC.
1A.J. AUTHEMENT,
JR., ET AL
15345

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
15688

DCP, INC.
A.J. AUTHEMENT,
JR., ET AL
2 OH
16082

22
ALPHONSE AUTHEMENT HEIRS

ALPHONSE AUTHEMENT HEIRS

21

EXCHANGE
A.J. AUTHEMENT,
JR., ET AL
15000

EXHIBIT NO.

DOCKET NO. 04-

MUSTANG ENERGY, LC

BAYOU SAUVEUR FIELD
TERREBONNE PARISH, LOUISIANA

PROPOSED UNIT PLAT
LOWER TEXTULARIA L-4 ZONE

0' 500' 1000' 2000'

LOUIS GILBERT & ASSOCIATES, INC.

— APO 940-L-1
- - - PROPOSED REVISION
○ UNIT WELL